SOUTH CAROLINA SRF STATE REVOLVING FUND

DRINKING WATER

Federal FY 2024 DWSRF Emerging Contaminants Grant Intended Use Plan

For State FY 2025

FINAL AMENDED

October 22, 2024

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Amended: Funds Available, Public Participation, Appendix A

Table of Contents

I. Introduction

The Drinking Water State Revolving Fund (DWSRF) was created by the 1996 amendments to the federal Safe Drinking Water Act (SDWA) to assist public water systems with financing the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the purpose of establishing a low-interest loan program (the DWSRF) and other types of assistance to eligible water systems.

The Infrastructure Investment and Jobs Act of 2021 (also referred to as the Bipartisan Infrastructure Law or BIL) includes three new appropriations for the DWSRF, one of which is the Emerging Contaminants appropriations. The DWSRF Emerging Contaminants appropriations are authorized for five years starting with Federal Fiscal Year (FFY) 2022.

For a project or activity to be eligible for funding under the DWSRF Emerging Contaminants grant, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. The intent is that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (PFAS). However, projects for a contaminant on any of EPA's Contaminant Candidate Lists may be funded. For more information, see EPA memo: "Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law, March 8, 2022."

This Intended Use Plan (IUP), required under the SDWA, describes how South Carolina proposes to use available DWSRF funds for State Fiscal Year (SFY) 2025 (July 1, 2024 through June 30, 2025) provided by federal funds allocated to South Carolina through the DWSRF Emerging Contaminants appropriations for FFY 2024. The funds will be used to support the objectives of the SDWA in the protection of public health. South Carolina's allotment from the Emerging Contaminants appropriations for FFY 2024 is $9,549,000. Eligibility for DWSRF loans and DWSRF program requirements, including any requirements of the applicable appropriations legislation, are also included in the IUP.

The South Carolina Department of Health and Environmental Control (DHEC) has primary enforcement responsibility (i.e., primacy) for carrying out the provisions of the SDWA. DHEC is also the designated state agency to apply for and administer the capitalization grants for the DWSRF. The drinking water enforcement program and the DWSRF program are both in the DHEC Bureau of Water which facilitates cooperation and coordination between the two programs to address regulatory compliance issues for drinking water systems in the state. The South Carolina Water Quality Revolving Fund Authority (Authority) is responsible for the financial management functions of the DWSRF, including its financial policies, and executes loan agreements with project sponsors. The South Carolina Rural Infrastructure Authority's Office of Local Government (RIA) conducts the staff functions of the Authority. During SFY 2024, there have been no changes to the organizational structure of the SC SRF program or the state statute that governs the implementation of the SC SRF program.

Once prepared, an IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the draft IUP are accepted. After considering

comments received, the IUP is finalized and posted on the DHEC SRF Reports and Publications web page at scdhec.gov/srfreports.

II. Goals

This program will help address specific measures that "ensure clean and safe water for all communities" and "ensure safe drinking water and reliable water infrastructure" in accordance with Goal 5 and Objective 1 that are outlined in the strategic goals and objectives of the Environmental Protection Agency (EPA) Strategic Plan. South Carolina has identified several short- and long-term goals, designed to promote sustainable improvements to the state's drinking water infrastructure and help ensure maximum public health and environmental benefits.

A. Short Term Goals (Outputs)

1. Assist local communities as they respond to emerging contaminants in drinking water with a focus on PFAS (deliverable).

B. Long Term Goals (Outcomes)

1. Assist local communities as they strive to address emerging contaminants in drinking water with a focus on PFAS (deliverable).
2. Use Principal Forgiveness (PF) funds to assist small and disadvantage communities and systems as they strive to address emerging contaminants in drinking water with a focus on PFAS (deliverable).
3. Maintain a working relationship with other infrastructure funding authorities within the state to coordinate drinking water quality funding.

III. Transfer of Funds From/To the Drinking Water State Revolving Fund

The SC SRF program reserves the ability to transfer funds between the CWSRF and Drinking Water (DW) SRF as provided for by federal law. Fund transfers from the CWSRF to the DWSRF or from the DWSRF to the CWSRF will be done to assist in meeting the funding demands in the CWSRF and DWSRF. The law allows the SRFs to transfer an amount equal to 33% of each annual Drinking Water capitalization grant. The EPA will receive written notification prior to any transfers occurring.

For SFY 2025, the SC SRF will transfer $2,178,000 from the CWSRF Emerging Contaminants grant to the DWSRF Emerging Contaminants grant.

IV. Cross-Collateralization

The DWSRF fund is not leveraged and DWSRF funds will not be used for debt security. There is no cross-collateralization of programs.

V. Provisional Projects List

The Drinking Water Provisional Project List (PPL) (Appendix A) identifies projects that are considered eligible and ready to proceed in SFY 2025.

Final funding decisions for each project are contingent on a review of the project sponsor's technical and managerial capacity, a completed environmental review of the proposed project, and issuance of a DHEC construction permit (or letter of approval to construct) that meets SRF requirements.

All projects on the Provisional Project List will receive PF funds. These funds are only available if the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant is awarded by EPA and accepted by DHEC. Project listing is not a commitment of funding.

VI. Method for Selecting Projects and Distribution of Funds

A. Priority Ranking System

DHEC has a Priority Ranking System for projects seeking funding from the DWSRF. A copy of the ranking system used to score and rank projects can be found on the SRF Reports and Publications web page at scdhec.gov/srfreports. The priority ranking system is reviewed on an annual basis and updated as needed. In addition, projects must meet the requirements for the DWSRF Emerging Contaminants grant as described in the EPA's "Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law, March 8, 2022" memo.

B. Comprehensive Priority List of DWSRF Projects

For a project to be considered for funding from the DWSRF, it must appear on the Comprehensive Priority List of DWSRF Projects. To be included in this list, an eligible project sponsor must complete a Project Questionnaire (PQ), DHEC 3463 or a similar funding request application approved by DHEC. The DHEC 3463 form can be found on the SRF Forms web page at scdhec.gov/srfforms. A project sponsor may submit a completed PQ to the Division of State Revolving Fund in DHEC's Bureau of Water at any time. Once the PQ is received, DHEC staff evaluate the project based on the requirements for the DWSRF Emerging Contaminants grant, DWSRF Priority Ranking System, and the project's numeric score. The project is then added to the Comprehensive Priority List of DWSRF Projects in rank order. Projects with the same numerical score are ordered based on how the project addresses correcting the risk to public health and compliance with the Safe Drinking Water Act. DHEC maintains an updated Comprehensive Priority List on the SRF Reports and Publications web page at scdhec.gov/srfreports.

If a project remains on the Comprehensive Priority List for two years and does not proceed, the project will be removed from the list unless the sponsor provides an updated PQ.

C. Selection of Projects and SRF Funding

The selection of projects for the Provisional Project List (Appendix A) is based on the requirements for the DWSRF Emerging Contaminants grant, project rank and cost, availability of funds, consideration of the by-pass procedures in Section VI.D., and the sponsor's indicated readiness to proceed with a project during SFY 2025. Ready to proceed in SFY 2025 means that a project will be in compliance with the SRF schedule for submission of an acceptable preliminary engineering report and construction permit application as well as completing the SRF loan assistance agreement (PF) requirements.

D. Bypass Procedure

When selecting projects for funding, DHEC may bypass projects on the Comprehensive Priority List as follows:

1. To address an imminent hazard to public health as determined by DHEC;
2. To fund projects for eligible sponsors that have not previously received DWSRF funding;
3. To fund an equitable geographic distribution of projects;
4. To fund projects so the SRF can meet the federal expeditious and timely use of funds requirement; and,
5. To fund projects that do not receive direct federal allotments in order to distribute funds more evenly. Additionally, the SRF may choose to not fund projects that appear on the PPL that later receive a direct federal allotment.

E. Expeditious Use of Funds

To promote timely commitment and use of SRF funds, DHEC will determine milestones for each project related to the completion of the PER and submission of plans and specifications to obtain a construction permit or letter of approval to construct. For the projects listed on the PPL, the project sponsor should meet these milestones to ensure funds will not be committed to other projects. DHEC will take into account the complexity of the project and work with project sponsors in setting, and revising if appropriate, project milestones. It is the goal of the program to have projects on the PPL that have a signed loan assistance agreement within 12 months of the date of each quarterly payment in the EPA grant award. With current resource shortages for materials and qualified engineers and contractors, DHEC realizes that it may be challenging for sponsors to meet this goal.

Currently, project design and construction costs are increasing, often at a rapid pace. Therefore, sponsors with projects on the PPL will be encouraged to bid project alternatives, if feasible. Some projects on the PPL may still exceed the SRF project budget shown on the PPL. To address this possibility, projects on the PPL may receive additional funding if justified and approved by DHEC.

The SC SRF program has experienced challenges with the pace of distributing SRF funds. COVID-19 caused supply chain shortages and rapidly escalating costs which slowed many

projects. South Carolina invested $1.469 billion of its funds from the American Rescue Plan Act (ARPA) invested in improvements for clean drinking water, sanitary sewer, and stormwater resilience. Many projects proposed for SRF funding were paused until the ARPA grant awards were announced. The combined effects of these items have slowed the pace of distributing SRF funds.

F. Sustainability Requirement

The DWSRF may not provide any financial assistance to a system that has failed to maintain a satisfactory level of SDWA compliance as enumerated by EPA's Enforcement Targeting Tool (ETT) unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance. Nor may assistance be provided to any project sponsor that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the sponsor agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the DWSRF will promote sustainability and compliance over the long-term (Section 1452(a)(3)(B)(I) of the SDWA).

Sponsor sustainability is evaluated using DHEC's Utility Sustainability Assessment (UtSA) (DHEC 0574). The UtSA is a written system assessment completed by the Sponsor and reviewed and scored by DHEC that includes operational issues, managerial issues and limited financial information. Unless an acceptable score was received on a UtSA within the previous three years, a UtSA is requested of sponsors with projects on the Provisional Projects List. Additional financial assessment is performed by RIA as part of the preliminary financial review and loan application process.

G. Growth

The DWSRF cannot provide assistance to finance the expansion of any drinking water system solely in anticipation of future population growth (Section 1452(g)(3)(C) of the SDWA). In determining whether or not a project is eligible for assistance, DHEC will determine the primary purpose of the project. If the primary purpose is to attract growth, the project is not eligible to receive DWSRF funds. However, a reasonable amount of growth over a project's useful life is eligible so long as the primary purpose is to address public health concerns related to emerging contaminants.

H. Interest Rates and Funding Terms for Eligible Projects

The DWSRF Emerging Contaminants Capitalization Grant requires that the funds be used for 100% additional subsidization which the DWSRF program provides as PF loans. Therefore, interest rates are not applicable to the projects funded by this grant.

I. Loan Application

Loan applications are not applicable to this grant.

VII. Eligibilities

A. Eligible Sponsors

Municipalities, counties, special purpose districts, and other public entities are eligible DWSRF project sponsors. Also eligible are private, non-profit community water systems established by state law.

B. Compliance and Public Health

The DWSRF may only provide assistance for expenditures (not including monitoring, operation, and maintenance expenditures) to address emerging contaminants in drinking water with a focus on PFAS through capitalization grants under Section 1452(t) of the Safe Drinking Water Act for the purposes described in Section 1452(a)(2)(G) of such Act. For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible and the primary purpose must be to address emerging contaminants in drinking water.

Projects to consolidate water supplies, for example, when a public water supply is contaminated, are eligible for DWSRF assistance. Also, planning and design projects to improve the capabilities of a system to address emerging contaminants in drinking water with a focus on PFAS are eligible.

C. Land

Land is eligible only if it is integral to a project that is needed to meet or maintain compliance and further public health protection. In this instance, land that is "integral to a project" is only the land where eligible treatment or distribution projects will be located. The purchase price of all land, rights-of-ways, and easements, not to exceed the appraised value, may be included in the loan assistance application when: 1) the land is obtained less than one year prior to the date of a complete loan application, 2) an appraisal, prepared by a qualified appraiser, is submitted on each parcel, right-of-way and easement, and 3) the land is acquired from a willing seller. For land with structures or other improvements, only the appraised value of the land is DWSRF loan eligible, not the appraised value of the land with the structures or improvements.

D. Planning and Design Costs

A DWSRF loan assistance agreement may include the costs of project planning and services incurred prior to construction (e.g., costs associated with preparing the PER, plans and specifications, advertising, pre-bid conference, bidding procedures, pre-construction conference, loan application, or administration). Only those costs for which there is clear documentation of expenses incurred solely for the proposed project and are dated no earlier than 36 months prior to the date of a complete loan application to RIA are eligible for funding.

E. Legal and Appraisal Fees

In general, legal and appraisal costs associated with obtaining land (rights-of-way and easements) are eligible.

F. Construction Costs

Construction costs include the costs associated with the construction of the project by a contractor. The DWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, overview of contractors, shop drawings, record drawings, concrete or soil testing, Davis-Bacon, American Iron and Steel, and Build America, Buy America administration (as needed), and draw requests.

Equipment that is directly purchased by the sponsor for the project, such as pumps, generators, etc., is eligible.

Materials such as pipe, valves, brick, mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment. Eligibility is limited to the costs of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the DWSRF program. Additionally, force account labor is not eligible.

G. Contingency

The SRF program allows a contingency on eligible construction cost for projects as follows: ten percent (10%) of the construction line item for the first $10 million dollars of construction cost and five percent (5%) for the construction amount that exceeds $10 million.

The SRF program allows a contingency of two and a half percent (2.5%) for materials that are directly purchased by the sponsor.

There is no contingency allowed on equipment.

H. Phasing of a Drinking Water Project

To make construction and/or funding more manageable, a project may be divided into separately funded phases or segments at the option of the sponsor. However, to be DWSRF-eligible, any such phase or segment must be of reasonable size and scope; must feasibly address a water quality or public health deficiency; and, when constructed must have the capability of being placed into immediate full operation, without its full operation being dependent on a subsequent project phase, segment or other outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other projects for priority list ranking in later fiscal years.

I. Projects and Activities Not Eligible for Funding

The DWSRF will not provide funding assistance for the following projects and activities:

1. Projects whose primary purpose is to address a contaminant for which a Primary Drinking Water Regulation exists, with an exception for PFAS;
2. Dams, or rehabilitation of dams;
3. Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
4. The purchase of water rights;
5. Laboratory fees for monitoring;
6. Operation and maintenance expenses;
7. Projects needed mainly for fire protection;
8. Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will facilitate compliance;
9. Projects for systems in significant noncompliance, unless funding will facilitate compliance;
10. Projects primarily intended to serve future growth;
11. Refinancing of existing debt; or
12. Projects for systems when consolidation or regionalization is the most feasible alternative for a system to maintain sustainability, unless the project addresses or supports consolidation or regionalization.

VIII. Funds Available

A. Amount of Capitalization Grant

South Carolina's allotment for the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant is $9,549,000.

B. State Match Requirement and Cash Draw

The state match requirement has been waived for the DWSRF Emerging Contaminants Capitalization Grant. All draws of federal funds from the capitalization grant will be at 100% since there is no state match. The state will draw funds from the capitalization grant according the payment schedule (timeline) submitted with the grant application and presented in the grant award.

C. Set-Aside for Administration of the DWSRF Program

The SDWA allows states to use four percent (4%) of each capitalization grant to fund the administration of the State's DWSRF program and other non-project activities. For SFY 2025, the State plans to take $381,894, or approximately 4.0%, of the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant for administration of the DWSRF Emerging Contaminants program. In addition, the state plans to take $86,550, or approximately 4.0%, of the transferred FFY 2024 CWSRF Emerging Contaminants Capitalization Grant for administration of the DWSRF Emerging Contaminants program. Once the transfer has

been completed, a combined admin amount of $468,444, or approximately 4.0%, will be available for administration of the DWSRF Emerging Contaminants program.

D. Set-Aside for Technical Assistance for Small Systems

The SDWA allows states to set aside up to two percent (2%) of each capitalization grant to fund technical assistance (TA) services to small water systems that serve fewer than 10,000 people. For SFY 2025, the State does not plan to take this set-aside from the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant.

E. Set-Aside for Local Assistance and Other State Programs

The SDWA allows states to set aside up to 15% of each capitalization grant to fund various state drinking water protection initiatives. No more than 10% of its annual DWSRF grant can fund any one initiative. For SFY 2025, the State does not plan to take this set-aside from the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant.

F. Set-Aside for Assistance to State's Programs

The SDWA allows states to set aside up to 10% of each capitalization grant to assist with funding of State Drinking Water Programs. For SFY 2025, the State does not plan to take this set-aside from the FFY 2024 DWSRF Emerging Contaminants Capitalization grant.

G. Estimated Funds Available — State Fiscal Year (SFY) 2025

FFY 2024 DWSRF Emerging Contaminants Capitalization Grant	$9,549,000
State match for FFY 2024 DWSRF Emerging Contaminants Capitalization Grant	$0
Estimated amount of funds to be transferred from the FFY 2024 CWSRF Emerging Contaminants Capitalization Grant	$2,178,000
Value of the set-aside for administration from the FFY 2024 DWSRF Capitalization Grant	-$381,894
Value of administrative fees from the FFY 2024 CWSRF Capitalization Grant	-$86,550
Estimated Total Funds Available for SFY 2025 DWSRF Emerging Contaminants Projects	$11,258,556

Note: The project funding needs identified in the PPL are equal to the amount identified in the table above for the FFY 2024 DWSRF Emerging Contaminants capitalization grant.

H. Equivalency to Account for Federal Funds

DHEC will use equivalency projects to account for the federal funds awarded to the SC DWSRF program through this capitalization grant. The amount that must be accounted for includes the total federal grant award minus any set-aside funds received from the grant. All projects on the Emerging Contaminants PPL are subject to equivalency requirements. Equivalency projects will be required to meet all of the federal requirements listed in Section X.A.

The equivalency projects that have binding commitments (signed loan agreements) will be identified in the DWSRF Annual Report (deliverable) and reported to the federal government (deliverable) pursuant to the requirements of the Federal Funding Accountability and Transparency Act (FFATA).

I. Fee Income

Not applicable to PF projects.

IX. Assurances and Specific Proposals

DHEC has provided assurances and specific proposals as part of the Operating Agreement between South Carolina and EPA. The Operating Agreement provides a framework of procedures for operation and administration of the DWSRF including:

1. Environmental Reviews: The State will conduct environmental reviews according to the procedures identified in its Operating Agreement.
2. Binding Commitments: The State will enter into binding commitments for 100% of the amount of each quarterly payment under the capitalization grant within one year of each such payment.
3. Expeditious and Timely Expenditures: The State will expend all funds in the DWSRF in an expeditious and timely manner as previously discussed.

X. Additional Information / Requirements

A. Federal Requirements

Sponsors will be notified of all environmental and social cross-cutter requirements, as well as other applicable federal requirements once their project is identified as a candidate for funding. Guidance on federal requirements can be found at scdhec.gov/srfguidance. Several federal requirements are required of all SRF loan assistance recipients as follows:

- Environmental review of the project
- Compliance with Civil Rights Laws
- Davis-Bacon prevailing wage rates
- Build America, Buy America provisions
- American Iron and Steel
- Disadvantaged Business Enterprise compliance (DBE)
- Equal Employment Opportunity
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Title 2 CFR, Parts 200 and 1500 (“Uniform Guidance” – governs single audit requirements)
- BIL Signage (for construction projects)
- Telecommunications and video surveillance prohibition

The projects that meet these federal requirements will be identified in the DWSRF Annual Report (deliverable).

B. Annual Report and Annual Review

An annual report (deliverable) will be submitted by September 30, 2024, that will quantify the results and present the milestones of the capitalization grants awarded for FFY 2023.

DWSRF participated in the 2023 EPA Annual Review held January 17-18, 2024. The state did not have any audit findings during SFY 2023. DWSRF anticipates receiving and responding to the EPA Program Evaluation Report (PER) for FFY 2023 funding in SFY 2024 during and following the Annual Review/PER.

C. Additional Subsidies

The FFY 2024 DWSRF Emerging Contaminants appropriations require that 100% of the capitalization grant ($11,727,000), net of set-asides taken, be used to provide additional subsidy to DWSRF projects and that all additional subsidies must be in the form of assistance agreements with 100% forgiveness of principal or grants. South Carolina will use assistance agreements with 100% forgiveness of principal to satisfy this requirement. RIA staff conduct a thorough financial review of each system sponsor to determine if they can afford an SRF loan. At least 25% of these funds must be provided to eligible DWSRF assistance recipients that meet the state's disadvantaged community criteria or to public water systems serving fewer than 25,000 persons. South Carolina's criteria for disadvantaged communities include:

- Small systems (population less than 10,000), with a Median Household Income (MHI) less than the State MHI that cannot qualify for a DWSRF loan;
- A sustainable system owner willing to assume ownership or receivership of an unsustainable or abandoned system; or
- A sustainable system owner willing to provide drinking water service to homeowners with private wells with emerging contaminants that exceed health-based levels.

EPA expects the SRF program to ensure that systems and project sponsors that receive additional subsidy have the technical, managerial and financial capacity to maintain compliance with federal and state regulations. The Utility Sustainability Assessment mentioned in Section VI.F. above is one tool used by the SRF to evaluate the technical, managerial and financial capacity of a potential SRF additional subsidy recipient. Systems that do not have adequate technical, managerial and financial capacity may receive additional subsidy funds if the system/sponsor agrees to undertake needed changes in operation that will promote sustainability or if the use of the financial assistance from the DWSRF will promote sustainability and compliance over the long-term. The sponsor may not be eligible for additional subsidies on future projects until the agreed upon operational changes have been fully implemented. Also, systems receive PF funds must not be delinquent on submission of annual financial audits to the State Treasurer's Office as required by SC state law.

The SRF Program plans to utilize additional subsidy funds, provided as PF, for projects that are ready to proceed, to encourage the following priorities:

- Address emerging contaminants in drinking water with a focus on PFAS;
- Address potential health concerns of emerging contaminants, preferably through consolidation or regionalization; and,
- Provide public water to address emerging contaminants and related health concerns in private wells.

All projects in Appendix A are eligible for PF funds. The SRF Program reserves the right to adjust PF amounts. PF funds are only available if EPA awards the FFY 2024 DWSRF Emerging Contaminants Capitalization Grant and it is accepted by DHEC. Project listing is not a commitment of funding.

D. Environmental Outcomes and Measures

DHEC will update EPA's SRF Data System at least quarterly to report financial information about the program and projects, loan information, and project activities and benefits.

E. Public Participation

Notice of the draft IUP is e-mailed to each project sponsor on the Comprehensive Priority List of DWSRF Projects and other interested parties.

During the public notice period (30-day minimum), the Draft IUP notice and Draft FFY 2024 DWSRF Emerging Contaminants IUP are available from the DHEC SRF Reports and Publications web page at scdhec.gov/srfreports. Revised IUPs with significant changes must also have a public notice period (14 day minimum). Interested parties are invited to review the documents and submit written comments by the deadline established in the Draft IUP notice.

The Draft FFY 2024 DWSRF Emerging Contaminants Capitalization Grant IUP was posted to the DHEC website on May 22, 2024. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, DHEC watershed stakeholders, and included in communications to members of the SC Rural Water Association, the South Carolina Association of Counties, and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on June 21, 2024. No comments were received. However, two edits were made to the IUP during the IUP comment period:

1. In Appendix A — The Beaufort-Jasper Water and Sewer Authority project (0720003-21) that is on the FFY 2024 DWSRF Emerging Contaminants IUP received an addition of $66 on the Estimated Principal Forgiveness Assistance to account for the total grant funds received. This project received an decrease of $66 on the Estimated Loan Amount on the FFY 2024 DWSRF Base IUP.

2. In Appendix A — The Belton-Honea Path Water Authority project (0410011-05) was inadvertently included on the draft and has been removed from the final.

The Draft Amended FFY 2024 DWSRF Emerging Contaminants Capitalization Grant IUP was posted to the S.C. Department of Environmental Services (SCDES) website on October 4, 2024. Notice of the draft IUP was emailed to SRF contacts, Rural Infrastructure Authority contacts, SCDES watershed stakeholders, and included in communications to members of the S.C. Rural Water Association, the South Carolina Association of Counties,

and the Municipal Association of South Carolina. Comments were accepted until 5:00 PM on October 18, 2024. No comments were received.

SOUTH CAROLINA

DWSRF Emerging Contaminants SFY 2025 Provisional Priority List[1]

Rank	Sponsor and Project Name[2]	SRF Project Number	Project Description	SC Water System ID Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance[3]	Sponsor's Service Population	Population Affected by Project	Total Points
1	**Clinton, City of** - Clinton WTP PFAS Study[2]	3010002-01	The proposed study will include testing of both raw water sources for precursors included in the approved EPA 1633 method as well as EPA 533. The testing will include both raw and finished water as well as levels at different stages of treatment to assist with determining future PFAS treatment in addition to determining which step the proposed technology would be included. PFAS capture technologies such as GAC and ion exchange resin or membranes such as RO and nanofiltration as well as PFAS destruction such as those selected from supercritical water oxidation, electrochemical oxidation and incineration will be evaluated. The requirements of the proposed technologies will be studied with respect to efficacy, infrastructure needs, costs, and compatibility with future PFAS treatment technologies. The study will include a survey of the current and future facility, permitting requirements, design options, and other environmental factors.	3010002	$ 300,000	$ -	$ 300,000	8,938	8,938	90
2	**Newberry County Water and Sewer Authority** - Lake Murray Water Treatment Plant Emerging Contaminant Compliance Study[2]	3620002-03	The project will include an evaluation of treatment options for emerging contaminants, specifically PFAS. Bench-scale testing of powdered activated carbon (PAC) products for PFAS removal will be conducted. In addition, desktop modeling of granular activated carbon (GAC)/ion exchange (IX)/Fluorosorb will be conducted to determine the most promising options for PFAS removal. Rapid small scale column tests (RSSCT) will be performed on the most promising options.	3620002	$ 265,000	$ -	$ 265,000	9,941	9,941	85
3	**Lugoff-Elgin Water Authority** - LEWA PFAS Planning Study[2]	2820001-02	Lake Wateree is LEWA's source of water. LEWA will use an engineering firm to conduct a study of PFAS as emerging contaminants in its water supply. The engineering firm will assist LEWA in developing the best strategy for reducing and possibly eliminating PFAS in its drinking water. The chosen strategy will not only address the treatment of water, but also the treatment and disposal of any water treatment residuals resulting from PFAS removal. This two-prong strategy will not only remove PFAS from our drinking water, but prevent PFAS treatment residuals from re-entering South Carolina's surface or ground water. The study will also include cost estimates for constructing and operating the new/additional PFAS treatment components and residuals handling. These determinations will be addressed in the PER resulting from the study.	2820001	$ 300,000	$ -	$ 300,000	23,000	23,000	85
4	**Santee Cooper** - Lake Marion PFAS Treatment Testing[2]	3820003-02	Sampling data has shown that the PFOS and PFOA levels in the source water for the Lake Marion Regional Water System are above the new EPA limits. A PFAS treatment study has been completed for this facility in order to evaluate known treatment options. The next step in determining the best treatment option is to conduct bench-scale testing to further evaluate the performance of Granular Activated Carbon (GAC) and Ion Exchange (IX) for removing PFAS from the source water.	3820003	$ 151,000	$ -	$76,650	3,311	3,311	85

DWSRF Emerging Contaminants SFY 2025 Provisional Priority List[1]

Rank	Sponsor and Project Name[2]	SRF Project Number	Project Description	SC Water System ID Number	Estimated Total Project Cost	Estimated SRF Loan Amount	Estimated Principal Forgiveness Assistance[3]	Sponsor's Service Population	Population Affected by Project	Total Points
5	**Greenwood Commissioners of Public Works** - Water Treatment Plant Evaluation Study for Emerging Contaminants[2]	2410001-09	The scope of this project is to retain the services of an Engineering Consultant to perform an evaluation of the W.R. Wise Treatment Plant's ability and method to treat emerging contaminants. In particular, we will be determining the improvements that will be necessary to treat PFAS. The SCDHEC Ambient Surface Water Project shows PFAS levels in Lake Greenwood (water source for W.R. Wise Water Treatment Plant) above the MCLs proposed by EPA in the proposed PFAS National Primary Drinking Water Regulations. If EPA finalizes these regulations at the proposed levels, additional treatment process will be required at the W.R. Wise Water Treatment Plant to remove PFAS to the levels proposed in the MCL. This project will include preliminary analysis, testing, process evaluations, preliminary engineering reports, and others studies required to determine the best course of action to meet the required levels.	2410001	$ 200,000	$ -	$ 200,000	60,000	60,000	80
6	**Greer Commission of Public Works** - Water Treatment Plant Evaluation Study for Emerging Contaminants[2]	2310005-07	The scope of this project is to retain the services of Garver to perform an evaluation of the Greer CPW WTP 's ability and methodology to treat emerging emerging contaminants. In particular the improvements that will be necessary to treat PFAS. The SCDHEC Ambient Surface Water Project as well as supplemental sampling shows PFAS levels in the surrounding area approaching MCLs proposed/discussed by EPA in the proposed PFAS National PDWR. If EPA finalizes these regulations at the proposed/discussed levels, additional treatment process could be required at the WTP. This project will include preliminary analysis, testing, process evaluations, preliminary engineering reports, and others studies required to determine the best course of action to meet the required levels.	2310005	$ 200,000	$ -	$ 200,000	76,189	76,189	80
7	**Inman-Campobello Water District** - Water Treatment Plant Evaluation Study for Emerging Contaminants[2]	4220002-01	The scope of this project is to retain the services of Garver to perform an evaluation of the N. Pacolet WTP 's ability and methodology to treat emerging emerging contaminants. In particular the improvements that will be necessary to treat PFAS. The SCDHEC Ambient Surface Water Project shows PFAS levels in the surrounding area approaching MCLs proposed by EPA in the proposed PFAS National PDWR. If EPA finalizes these regulations at the proposed/discussed levels, additional treatment process could be required at the WTP. This project will include preliminary analysis, testing, process evaluations, preliminary engineering reports, and others studies required to determine the best course of action to meet the required levels. It is important to note that this WTP is currently under construction with a scheduled completion date of June 2026. Therefore, the timing of this study provides an opportunity to positively impact ultimate facility construction.	4220002	$ 200,000	$ -	$ 200,000	36,500	36,500	80
8	**Beaufort-Jasper Water & Sewer Authority** - Chelsea Water Treatment Plant PFAS Treatment Project[2]	0720003-21	This project includes planning and design engineering services and some pilot testing for a dedicated new building that would house the media contactors and related equipment required such as influent and backwash pumps, media delivery and storage facilities, cartridge filters, associated piping and valves, necessary chemical feed and storage monitoring equipment, and backwash water storage to treat PFAS.	0720003	$ 5,726,500	$ -	$ 2,577,106	150,000	150,000	80

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9	**City of Union** - Evaluation, Testing, Design, and Permitting of PFAS Removal System-Union WTP[2]	4410001-03	This project is an engineering planning and design project for PFAS removal at the 10.4 MGD Union WTP. Planning activities include an evaluation of PFAS removal technologies to select up to two (2) suitable technologies for pilot testing for the selected technologies, preparation of a pilot test report documenting the tests, and recommendation of an alternative for full-scale implementation. Design activities include preparation of a PER suitable for technical and funding agency approval and design and permitting of the recommended system in anticipation that separate construction funds will be secured by the City.	4410001	$ 1,260,000	$ -	$ 1,250,000	11,900	24,645	80
10	**Gaffney Board of Public Works** - Gaffney Water Plant PFAS Removal Study and Design[2]	1110001-01	This project is an engineering planning and design project for PFAS removal at GBPW's clearwell/high service pump complex. The PFAS treatment system will be designed to treat 18 MGD from GBPW's two WTPs. Planning activities include an evaluation of PFAS removal technologies to select up to two (2) suitable technologies for pilot testing (based on performance and expected operating costs), development and execution of pilot testing for the selected technologies, and preparation of a pilot test report documenting the tests and recommending an alternative for full-scale implementation. Design activities include preparation of a PER suitable for technical and funding agency approval and design and permitting of the recommended system in anticipation that separate construction funds will be secured by GBPW.	1110001	$ 1,250,000	$ -	$ 1,250,000	24,290	56,000	80
11	**Florence, City of** - Pee Dee Regional WTP - Advanced PFAS Treatment[2]	2110001-08	This project is intended to continue the current study/pilot phase of this project which is currently SRF Project No. 2110001-06 Pee Dee Regional WTP - Advanced PFAS Treatment Study. This current Project Questionnaire is to advance the project to Final Design and preparation of construction drawings and specifications.	2110001	$ 4,000,000	$ -	$ 1,500,000	136,504	136,504	80
12	**Cayce, City of** - Cayce WTP Advanced Treatment Study[2]	3210003-03	The proposed project will include an evaluation of the various treatment options that are known to remove PFAS. This includes advanced treatment options such as Granular Activated Carbon (GAC), Anion Exchange (AIX), and Reverse Osmosis (RO)/Nanofiltration (NF), at a minimum. In addition, benefits of feeding increased dosages of Powdered Activated Carbon (PAC) will be evaluated. The study will involve research and bench scale testing to determine the efficiency of PFAS removal for each option. In addition, the study will evaluate which of these treatments, or combination of treatment, is also capable of treating MIB and Geosmin, which would be an added benefit to ensure the City is capable of treating the water to minimize taste and odor concerns during future algal blooms. This will include a review of theefficiency, required footprint, upfront capital costs, maintenance costs, residuals/solids handling, ease of operation, and long-term impacts.	3210003	$ 600,000	$ -	$ 600,000	20,200	20,200	80

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13	**Starr-Iva Water & Sewer District** - Assessment of Groundwater as an Alternative Source[2]	0420005-02	Perform an assessment of groundwater resources in the Starr-Iva service area to identify up to 6 "favorable zones" with the greatest potential for significant groundwater yields and conduct subsequent geophysical surveys to identify drill sites for up to four (4) test wells to be completed in accordance with DHEC standards. The new test wells and a number of existing drinking water wells throughout the District would also be sampled to analyze the quality of the groundwater including emerging contaminants such as per- and polyfluoroalkyl substances ("PFAS") in order to notify and plan for opportunities to serve homeowners with private wells found to be contaminated.	0420005	$ 600,000	$ -	$ 600,000	11,125	11,125	80
14	**Woodruff-Roebuck Water District** - WRWD - SJWD Interconnection Improvements[2]	4220007-02	The WRWD WTP treats raw water from the North Tyger River and the South Tyger River. PFAS level in the raw water have been found to be greater than the MCL proposed by the EPA. Testing of finished water in WRWD's distribution system has shown similar PFAS levels, suggesting that the existing treatment process is not removing PFAS in any significant way. WRWD also maintains distribution system interconnections with Spartanburg Water and the SJWD Water District. The project scope includes planning and design of distribution system improvements to provide a 12-inch interconnection with the SJWD system in order to provide redundancy to the overall WRWD system. To date, SJWD reports no PFAS in their raw or finished water.	4220007	$ 703,500	$ -	$ 100,000	28,897	36,597	80
15	**West Columbia, City of** - Water Treatment Plants - PFAS Master Plan[2]	3210004-05	Primary focus of this project is to identify an optimal technology that will be implemented at both of our water treatment facilities to address PFAS related compounds in our source waters. Our current approach utilizes MCL proposals from EPA, and a draft timeline for implementation. Such low limits and quick implementation of an MCL has forced am accelerated response to address a proposed MCL. Consequences included implementation of a technology that will work, but may not be optimal from an operation and maintenance perspective nor an efficient use of rate payer dollars. Ultimately, a detailed evaluation focused on both PFAS compounds outlined in the proposed MCL along with their precursors will benefit public health by identifying optimal removal and destruction technologies specific to our source water and treatment approaches.	3210004	$ 325,000	$ -	$ 325,000	100,000	35,000	80
16	**Woodruff-Roebuck Water District** - WRWD WTP Emerging Contaminants Mitigation Planning[2]	4220007-01	The project scope includes retaining the services of a consulting engineer (Garver) to perform an evaluation of the WRWD WTP's to determine treatment process changes required to remove PFAS. The WRWD WTP treats raw water from the North Tyger River and the South Tyger River. PFAS level in the raw water have been found to be greater than the MCL proposed by the EPA. Testing of finished water in WRWD's distribution system has shown similar PFAS levels, suggesting that the existing treatment process is not removing PFAS in any significant way.	4220007	$ 100,000	$ -	$ 100,000	28,897	36,597	80

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17	**Orangeburg Department of Public Utilities (ODPU)** - PFAS Treatment Evaluation and PER[2]	3810001-04	An initial desktop evaluation demonstrated that a new adsorptive contactor PFAS treatment facility to treat the full capacity of the drinking WTP would cost $55M to $64M. However, there may be more cost-effective ways to comply with the regulation. This project is focused on confirming that existing historical PFAS monitoring data is sufficient for design-making purposes, optimizing the costs associated with the preliminary desktop study, and exploring alternative compliance routes. Alternative compliance routes will include alternative or supplementary water sources, PAC adsorption, and designing PFAS treatment for a fraction of the total design demand. Each alternative will be evaluated with respect to their feasibility, complexity, impact to WTP operations, and cost. The outcome of the project will be to identify the alternative that is most effective for ODPU, and prepare a PER.	3810001	$ 500,000	$ -	$ 500,000	49,000	49,000	80
18	**Charleston Water System** - Hanahan WTP PFAS Treatment Study and PER[2]	1010001-09	The HWTP is planning a PFAS treatment project to meet the recently-released USEPA PFAS regulations. Several Powdered Activated Carbon (PAC) products will be evaluated and testing results will be analyzed to provide a basis of design for the full scale plant. The study will involve bench-scale testing for powdered activated carbon (PAC) to determine the most suitable product, dose, and contact time for PFAS treatment at the HWTP. In addition, the bench-scale testing protocol will also include analyses to evaluate the effects of PAC on other source water characteristics (e.g., total organic carbon (TOC), pH, alkalinity, etc.), as well as effects on water treatability based on the existing/planned HWTP unit processes. Based on the results of the study, a Preliminary Engineering Report (PER) for the PFAS treatment project will be developed.	1010001	$ 650,000	$ -	$ 650,000	450,000	450,000	80
19	**Santee Cooper** - Lake Moultrie PFAS Treatment Testing[2]	0820008-02	Sampling data has shown that the PFOS and PFOA levels in the source water for the Lake Moultrie Regional Water System are above the new EPA limits. A PFAS treatment study has been completed for this facility in order to evaluate known treatment options. The next step in determining the best treatment option is to conduct bench-scale testing to further evaluate the performance of Granular Activated Carbon (GAC) and to conduct pilot scale testing of Power Activated Carbon (PAC) for removing PFAS from the source water.	0820008	$ 264,800	$ -	$ 264,800	233,893	233,893	80
				Totals:	$ 17,595,800	$ -	$ 11,258,556			
				SFY 2024 Total of SRF Loan + Principal Forgiveness Amount[4]:		**$**	**11,258,556**			

Footnotes

1 Projects on the Provisional Project List are ranked based on priority for funding. However a loan offer is dependent on the financial capacity of the sponsor, which may not have been evaluated to date.

2 Equivalency Project. DHEC reserves the right to modify, as needed and when appropriate, which project(s) will serve as the equivalency project(s) for this grant.

3 As discussed in Section X.C. of this IUP, the minimum required Additional Subsidy is 100% of the capitalization grant ($11,727,000) net of set-asides taken. SC uses Principal Forgiveness Assistance to satisfy the Additional Subsidy requirement. The total Estimate Principal Forgiveness Assistance is shown on the table above. Principal forgiveness funds are subject to change and are only available if the DWSRF Capitalization Grant referenced in this IUP is awarded by EPA & accepted by DHEC. Project listing is not a commitment of funding.

4 See available funds discussions in Section VIII.G. of this DWSRF IUP.